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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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Scott Wilce

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BUCKLEY, MASCHOFF & TALWALKAR LLC  
50 LOCUST AVENUE  
NEW CANAAN, CT 06840

EXAMINER

SHRESTHA, BIJENDRA K

ART UNIT

PAPER NUMBER

3691

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PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/045,964	<b>Applicant(s)</b> WILCE ET AL.	
	<b>Examiner</b> BIJENDRA K. SHRESTHA	<b>Art Unit</b> 3691	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 30 October 2008.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1,4-6,10-15,17 and 18 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1,4-6,10-15,17 and 18 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)          | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |



## **DETAILED ACTION**

### ***Claim Rejections - 35 USC § 101***

1. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 18 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claim 18 recites “a medium having computer-executable instructions stored ..., the medium comprising: instructions for identifying., instructions for applying.; and instructions for generating.....

” Instructions (or software) not claimed as embodied in computer-readable media are descriptive material per se and are not statutory because they are not capable of causing functional change in the computer. Here, Applicant has claimed software without a computer to implement it and instructions defined merely by software or terms synonymous with software or files, lacking storage on a medium, which enables any underlying functionality to occur. It is not clear whether instructions are in executable form and therefore there is no practical application. The system has no physical components or structure and is thus considered non-statutory.

### ***Claim Rejections - 35 USC § 103***

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

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(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. Claims 1, 4-6, 10-15 and 17-18 are rejected under 35 U.S.C. 103(a) as being unpatentable by Bell, UK Patent Application No. 2,354,608 (reference N in attached PTO-892) in view of Jaro, U.S. Patent No. 6,938,053 (reference A in attached PTO-892).

4. As per claim 1, Bell teaches a method for performing a netting analysis of a netting agreement, the method comprising:

receiving netting agreement information for said netting agreement (see page 1; lines 11-18; where netting agreement is made between a financial institution and a counterparty which is stored in dynamic tables (Fig. 2, Dynamic Tables (15); page 2, lines 18-19),

said netting agreement information identifying a party, a counterparty, and facts governing said netting agreement, the of said netting agreement including: a form of agreement, a governing law, a country of organization, a state or province of organization, a legal structure, a parent company country of organization, and a parent company legal structure (see Fig. 4);

receiving at least one issue associated with said agreement, the at least one issue based on an existence or non-existence of particular facts in the fact, governing said netting agreement (see Fig. 3a and 3b; where multiple issues such as dealing branch, counterparty branch and currency etc. are verified in the agreement);

comparing, using a processor, said facts governing said netting agreement information with a netting rule that applies to the netting agreement for said at least one issue (see Figs. 1 and 3b; page 6, lines 15-29 to page 7, lines 1-13); and

generating a netting determination indicative of an ability of the party and counterparty to net under said netting agreement based, at least in part, on a result of said comparing (see Fig. 3b, step 39; page 3, lines 5-17; page 9, lines 14-30 to page 10, lines 1-11; where counterparty credit risk value is calculated based on comparing).

Bell does not teach the netting determination having an indication of a level of confidence associated with the netting determination that indicates an enforceability of the netting determination in addition to a qualification of the netting determination.

Jaro teaches assigning confidence level for categorization process (Jaro, Fig. 6, step 1640; column 2, lines 35-53)

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to allow the netting determination having an indication of a level of confidence associated with the netting determination that indicates an enforceability of the netting determination in addition to a qualification of the netting determination of Bell because Jaro teaches that including above features would enable to categorize items in a training set less the number of incorrectly categorized items in the training set (Jaro, column 3, lines 1-2).

5. As per claim 4, Bell in view of Jaro teaches claim 1 as described above. Bell further teaches the method comprising:

forwarding said netting determination to an agreement database (see Fig. 2; page 5, lines 1-7; where netting determination outputted in modeling interface 17; Examiner interprets the output is stored in netting agreement table or database which updated in real-time (see page 4, lines 15-18; page 6, lines 8-13).

6. As per claim 5, Bell in view of Jaro teaches claim 1 as described above. Bell further teaches the method comprising:

forwarding said netting determination to a credit database; and updating a net credit amount associated with said counterparty and said party in said credit database (see Fig. 1, Exposure updating (1) and Global Exposure & Limit DB (3); page 1, lines 14-18; page 10, lines 8-11).

7. As per claim 6, Bell in view of Jaro teaches claim 1 as described above. Bell further teaches the method comprising:

forwarding said netting determination to a FASB database; and updating a netting amount associated with said counterparty and said party in said FASB database (see claim 5; Examiner notes that netting determination could be sent to any database including FASB).

8. As per claim 10, Bell teaches a method for performing a netting analysis of a netting agreement, the method comprising:

identifying fact data associated with said netting agreement, said fact data including data identifying a contracting entity and data identifying a counterparty (see

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Fig. 3a; steps 25-27; where netting agreement is located which examiner notes include identifying contracting entity and counterparty);

identifying a default set of issues associated said fact data associated with said netting agreement, said default set of issues based on an existence or non-existence of particular facts governing said netting agreement (see Fig. 3a; where validity of information such as current date, jurisdiction, counterparty country, products in the netting agreement is verified);

identifying facts in said fact data associated with said netting agreement and associated with a first issue from said default set of issues, said fact including: a form of agreement, a governing law, a country of organization, a state or province of organization, a legal structure, a parent company country of organization, and a parent company legal structure (see Fig. 4);

applying, using a processor a netting rule to said fact data for said first issue, said netting rule selected based at least in part on said first issue (see Figs. 1 and 3b; steps 33 and 34; where netting rule is applied for Dealing Branch A and B); and

generating a netting determination based at least in part on said application of said netting rule and indicative of an ability of the party and counterparty to net under said netting agreement (see Fig. 3b, step 39; page 3, lines 5-17; page 9, lines 14-30 to page 10, lines 1-11; where counterparty credit risk value is calculated based on comparing).



Bell does not teach the netting determination having an indication of a level of confidence associated with the netting determination that indicates an enforceability of the netting determination in addition to a qualification of the netting determination.

Jaro teaches assigning confidence level for categorization process (Jaro, Fig. 6, step 1640; column 2, lines 35-53)

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to allow the netting determination having an indication of a level of confidence associated with the netting determination that indicates an enforceability of the netting determination in addition to a qualification of the netting determination of Bell because Jaro teaches that including above features would enable to categorize items in a training set less the number of incorrectly categorized items in the training set (Jaro, column 3, lines 1-2).

9. As per claim 11, Bell in view of Jaro teaches claim 10 as described above. Bell further teaches the method comprising:

identifying fact data associated with a second issue (see Fig. 3b, steps 35 and 36; where data associated with a second issue is Counterparty Branch A and B);

applying a second netting rule to said fact data for said second issue, said second netting rule selected based at least in part on said second issue; and generating a netting determination based at least in part on said application of said netting rule and said second netting rule (see Fig. 3b; page 8, lines 21-30).

10. As per claim 12, Bell in view of Jaro teaches claim 10 as described above. Bell further teaches the method comprising:

identifying fact data associated with a third issue (see Fig. 3b, steps 37 and 38; where data associated with a second issue is Currency A and B);

establishing a new netting rule based at least in part on said fact data and said third issue; applying said new netting rule to said fact data for said third issue; generating a netting determination based at least in part on said application of said netting rule and said new netting rule (see Fig. 3b; page 9, lines 1-10).

11. As per claim 13, Bell in view of Jaro teaches claim 10 as described above. Bell further teaches the method comprising:

calculating a new netting position between said contracting entity and said counterparty based on said netting agreement and a prior netting position (see page 1, lines 13-18).

12. As per claim 14-15, Bell in view of Jaro teaches claim 10 as described above. Bell further teaches the method comprising:

updating a credit database and FASB based on said new netting position (see Fig. 1, Exposure updating (1) and Global Exposure & Limit DB (3); page 4, lines 14-18; page 10, lines 8-11; where exposure is updated dynamically).

13. As per claim 17, Bell teaches an apparatus for performing netting analysis of counterparty netting agreements, comprising:

a processor (see Fig. 1, Central server (2); page 4, lines 11-18)

a communications device in communication with said processor, receiving counterparty agreement data (see Fig. 2; page 2, lines 26-30); and

a memory unit in communication with said processor and storing a program, wherein the processor is operative with said program to identifying, from said counterparty netting agreement data, a party, a counterparty to said counterparty netting agreement, and facts governing said counterparty netting agreement, the facts of said counterparty netting agreement including: a form of agreement, a governing law, a country of organization, a state or province of organization, a legal structure, and a parent company country of organization (see Fig. 1; Global Exposure & Limits DB (3); page 4, lines 11-24);

receiving at least one issue associated with said agreement, the at least one issue based on an existence or non-existence of particular facts in the facts, governing said netting agreement (see Fig. 3a and 3b; where multiple issues such as dealing branch, counterparty branch and currency etc. are verified in the agreement);

comparing, using a processor said facts governing said netting counterparty netting agreement data with a netting rule that applies to said counterparty netting agreement for said at least one issue (see Figs. 1 and 3b; page 6, lines 15-29 to page 7, lines 1-13); and

generating a netting determination for said counterparty netting agreement based at least in part on a result of said comparing and indicative of an ability of the party and counterparty to net under said counterparty netting agreement (see Fig. 3b, step 39; page 3, lines 5-17; page 9, lines 14-30 to page 10, lines 1-11; where counterparty credit risk value is calculated based on comparing).

Bell does not teach the netting determination having an indication of a level of confidence associated with the netting determination that indicates an enforceability of the netting determination in addition to a qualification of the netting determination.

Jaro teaches assigning confidence level for categorization process (Jaro, Fig. 6, step 1640; column 2, lines 35-53)

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to allow the netting determination having an indication of a level of confidence associated with the netting determination that indicates an enforceability of the netting determination in addition to a qualification of the netting determination of Bell because Jaro teaches that including above features would enable to categorize items in a training set less the number of incorrectly categorized items in the training set (Jaro, column 3, lines 1-2).

14. As per claim 18, Bell teaches a medium having computer-executable instructions stored thereon for performing a netting analysis of a netting agreement (see Fig. 1 and 2), the medium comprising:

instructions for identifying fact data associated with said netting agreement, said fact data including data identifying a contracting entity and data identifying a counterparty (see page 4, lines 20-24);

instructions for identifying a default set of issues associated with said netting agreement, said default set of issues based on an existence or non-existence of particular facts, governing said netting agreement (see Fig. 3a and 3b; where multiple

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issues such as dealing branch, counterparty branch and currency etc. are verified in the agreement);

instructions for identifying facts in said fact data associated with said netting agreement and associated with a first issue from said default set of issues, said fact including: a form of agreement, a governing law, a country of organization, a state or province of organization, a legal structure, a parent company country of organization, and a parent company legal structure (see Fig. 4);

instructions for applying a netting rule to said fact data for said first issue, said netting rule selected based at least in part on said first issue (see claim 10) ; and instructions for generating a netting determination based at least in part on said application of said netting rule and indicative of an ability of the party and counterparty to net under said netting agreement (see Fig. 3b, step 39; page 3, lines 5-17; page 9, lines 14-30 to page 10, lines 1-11; where counterparty credit risk value is calculated based on comparing)

Bell does not teach the netting determination having an indication of a level of confidence associated with the netting determination that indicates an enforceability of the netting determination in addition to a qualification of the netting determination.

Jaro teaches assigning confidence level for categorization process (Jaro, Fig. 6, step 1640; column 2, lines 35-53)

Therefore, it would be obvious to one of ordinary skill in the art at the time the invention was made to allow the netting determination having an indication of a level of confidence associated with the netting determination that indicates an enforceability of

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the netting determination in addition to a qualification of the netting determination of Bell because Jaro teaches that including above features would enable to categorize items in a training set less the number of incorrectly categorized items in the training set (Jaro, column 3, lines 1-2).

### ***Conclusion***

15. The prior art made of record and not relied upon is considered pertinent to applicant's disclosures. The following are pertinent to current invention, though not relied upon:

Cotton et al. (U.S. Patent No. 6,076,074) teach system and method for intraday netting payment finality.

Mills et al. (U.S. Patent no. 7,024,386) teach credit handling in an anonymous trading system.

Mills et al. (U.S. Pub No. 2002/0099641)) teach credit handling in an anonymous trading system.

Mosler et al. (U.S. Patent No. 6,304,858) teach method, system and computer program product for trading interest rate swaps.

Shepherd (U.S. Patent No. 7,149,720) teaches system for exchanging an obligation.

Shulman et al. (U.S. Pub No. 2002/0152147) teach system and method for interest-based data management.

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Rosen et al. (U.S. Patent No. 5,774,553) teach foreign exchange transaction system.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Bijendra K. Shrestha whose telephone number is (571)270-1374. The examiner can normally be reached on 7:00 AM-4:30 PM (Monday-Friday).

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached on (571)272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

bks/3691

/Alexander Kalinowski/

Supervisory Patent Examiner, Art Unit 3691